

# *Almont District Library*

**Lapeer County, Michigan**

Audited Financial Report  
November 30, 2006

*Lehn L. King*

Certified Public Accountant  
Marlette, Michigan

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Almont District Library	County Lapeer County
Fiscal Year End November 30, 2006	Opinion Date December 7, 2007	Date Audit Report Submitted to State December 12, 2007	

We affirm that:

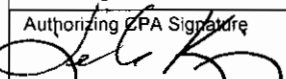
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☒ ☐ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☒ ☐ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.		Telephone Number 989-635-3113	
Street Address 3531 Main Street		City Marlette	State MI
Authorizing CPA Signature 		Printed Name Lehn King	Zip 48453
		License Number A248781	

**Almont District Library**  
Annual Financial Report  
For The Fiscal Year Ended November 30, 2006

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# LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48452

Phone 989-635-3113

Fax 989-635-5580

Members of the Library Board

**Almont District Library**

Lapeer County, Michigan

## Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Almont District Library, Michigan as of and for the year ended November 30, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Almont District Library, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Almont District Library, Michigan as of November 30, 2006 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Almont District Library, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Library has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of December 1, 2003.

*Lehn King*

Lehn L. King

Certified Public Accountant

December 6, 2007

# **Almont District Library**

## **Almont, Michigan**

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER**

Our discussion and analysis of the Almont District Library's financial performance provides an overview of the Library's financial activities for the fiscal year ended November 30, 2006. Please read it in conjunction with the Library's financial statements.

#### **Financial Highlights**

The Library is in a good financial position with a General Fund Balance of \$207,842.

#### **Using this Report**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Library's annual report.

#### **The Library as a Whole**

The Almont District Library's fund balance is as follows:

	<u>November 30, 2006</u>	<u>November 30, 2005</u>
General Fund	<u>\$ 207,842</u>	<u>\$ 264,183</u>
Total for Library	<u><u>\$ 207,842</u></u>	<u><u>\$ 264,183</u></u>

# Almont District Library

## Almont, Michigan

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### Governmental Activities

The Almont District Library's Revenues and Expenditures can be summarized as follows:

	<u>General Fund</u>
<b>Fund Balance - Beginning of Year</b>	\$ 264,183
<b>Revenue Collected</b>	
Property Taxes	282,732
Intergovernmental Revenue	35,554
Charges for Services	49,938
Interest	8,399
Other	8,644
Total Revenue Collected	<u>385,267</u>
<b>Expenditures</b>	
General Government	369,981
Capital Outlay	71,627
Total Expenditures	<u>441,608</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 207,842</u></u>

# Almont District Library

## Almont, Michigan

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### Economic Factors and Next Year's Budget and Rates

The Almont District Library's 2006/2007 adopted budget is as follows:

	<b>General Fund</b>	
	<b>November 30,</b>	
	<b>2007</b>	<b>2006</b>
<b>Revenue</b>		
Property Taxes	\$ 298,300	\$ 268,500
Intergovernmental Revenue	4,000	5,200
Charges for Services	258,000	44,000
Penal Fines	31,000	28,000
Interest	15,000	2,400
Miscellaneous	2,000	1,000
Total Revenue Collected	608,300	349,100
<b>Expenditures</b>		
Salaries	288,000	170,000
Books, Magazines, & Audiovisual Materials	45,000	41,000
Operating Expenses	75,000	71,000
Internet Operations	82,000	28,500
Capital Outlay	118,300	38,600
Total Expenditures	608,300	349,100
<b>Net Over/Under Budget</b>	<b>\$ -</b>	<b>\$ -</b>

### Contacting the Library

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Library office at 3116 Main Street, Almont, Michigan or by telephone at (989) 635-2838.

Kay Hurd, Library Administrator  
Almont District Library

# Almont District Library

## Statement of Net Assets (Deficit)

November 30, 2006

	<u>Primary Government Governmental Activities</u>
<b><u>Assets</u></b>	
Cash & Cash Equivalents	\$ 220,583.30
Capital Assets (Net of Accumulated Depreciation)	<u>227,741.16</u>
Total Assets	448,324.46
<b><u>Liabilities</u></b>	
Accounts Payable	\$ 3,831.26
Accrued Wages Payable	<u>8,909.61</u>
<u>Total Liabilities</u>	<u>12,740.87</u>
<b>Net Assets (Deficit)</b>	
Invested in Capital Assets - Net of Related Debt	227,741.16
Unrestricted	<u>207,842.43</u>
<u>Total Net Assets (Deficit)</u>	<u>\$ 435,583.59</u>

The notes are an integral part of the statements.



# Almont District Library

## Statement of Activities

For the Year Ended November 30, 2006

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 385,359.45	\$ 49,938.77	\$ 8,448.66	\$ (326,972.02)
Total Governmental Activities	\$ 385,359.45	\$ 49,938.77	\$ 8,448.66	\$ (326,972.02)
General Revenues:				
Property Taxes				\$ 282,732.14
Intergovernmental Revenue				35,553.45
Interest				8,399.26
Other Revenues				195.60
Total General Revenues, Special Items & Transfers				326,880.45
Change in Net Assets				(91.57)
Net Assets (Deficit) - Beginning of Year				435,675.16
Net Assets (Deficit) - End of Year				\$ 435,583.59

The notes are an integral part of the statements.

# Almont District Library

Governmental Funds

Balance Sheet

November 30, 2006

	<b>General Fund</b>	<b>Totals Governmental Funds</b>
<b><u>Assets</u></b>		
Cash & Certificates of Deposit	\$ 220,583.30	\$ 220,583.30
<b><u>Total Assets</u></b>	<b>\$ 220,583.30</b>	<b>\$ 220,583.30</b>
<b><u>Liabilities &amp; Fund Equity</u></b>		
<b><u>Liabilities</u></b>		
Accounts Payable	\$ 3,831.26	\$ 3,831.26
Accrued Wages Payable	8,909.61	8,909.61
<b><u>Total Liabilities</u></b>	<b>12,740.87</b>	<b>12,740.87</b>
<b><u>Fund Equity</u></b>		
Fund Balances		
- Designated for Building	373.11	373.11
- Designated for Genealogy	6,161.04	6,161.04
- Designated for Technology	483.18	483.18
- Unreserved & Undesignated	200,825.10	200,825.10
<b><u>Total Fund Balances</u></b>	<b>207,842.43</b>	<b>207,842.43</b>
<b><u>Total Liabilities &amp; Fund Equity</u></b>	<b>\$ 220,583.30</b>	<b>\$ 220,583.30</b>

The notes are an integral part of the statements.

**Almont District Library**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended November 30, 2006

<b>Total Fund Balances for Governmental Funds</b>	\$ 207,842.43
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Amounts reported for Governmental Activities in the Statement of  
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	<u>227,741.16</u>
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<b>Net Assets of Governmental Activities</b>	<u><u>\$ 435,583.59</u></u>
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**Almont District Library**  
Governmental Funds  
Statement of Revenues, Expenditures, And Changes  
in Fund Balances  
For The Year Ended November 30, 2006

	<b>General Fund</b>	<b>Totals Governmental Funds</b>
<b><u>Revenue</u></b>		
Property Taxes	\$ 282,732.14	\$ 282,732.14
Intergovernmental Revenue	4,363.62	4,363.62
Charges for Services	49,938.77	49,938.77
Penal Fines	31,189.83	31,189.83
Interest Earned	8,399.26	8,399.26
Other Revenue	8,644.26	8,644.26
<u>Total Revenue</u>	<u>385,267.88</u>	<u>385,267.88</u>
<b><u>Expenditures</u></b>		
General Government	369,981.36	369,981.36
Capital Outlay	71,626.89	71,626.89
<u>Total Expenditures</u>	<u>441,608.25</u>	<u>441,608.25</u>
 <b>Net Change in Fund Balances</b>	 (56,340.37)	 (56,340.37)
 <b><u>Fund Balance - Beginning of Year</u></b>	 <u>264,182.80</u>	 <u>264,182.80</u>
 <b><u>Fund Balance - End of Year</u></b>	 <u>\$ 207,842.43</u>	 <u>\$ 207,842.43</u>

The notes are an integral part of the statements.

**Almont District Library**  
Governmental Funds  
Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended November 30, 2006

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (56,340.37)</b>
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Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures; in the Statement of Activities, these costs are capitalized and allocated over their estimated useful lives as Depreciation	71,626.89
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Depreciation is an Expenditure for the Statement of Activities, but is not reported in the Governmental Funds	<u>(15,378.09)</u>
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<b>Net Change in Assets of Governmental Activities</b>	<b><u>\$ (91.57)</u></b>
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The notes are an integral part of the statements.

# **Almont District Library**

## **Notes To Financial Statements For Year Ended November 30, 2006**

The accounting methods and procedures adopted by the Almont District Library, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Library's Comprehensive Annual Financial Report.

### **1. Summary of Significant Accounting Policies**

#### **Financial Reporting Entity**

Almont District Library is a district library as authorized by Public Act 24 of 1989. The District Library is governed by a board consisting of the president, vice president, secretary, treasurer and two trustees. The District Library provides services primarily to the Village of Almont and Almont Township.

The criteria established by the generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included. The District Library is the primary government and there are no other component units that should be reported.

#### **Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Library (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Library reports the following major governmental funds:

**General Fund** - The General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government.

#### **Measurement Focus and Basis of Accounting**

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# Almont District Library

## Notes To Financial Statements For Year Ended November 30, 2006

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Library. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Cash, Cash Equivalents & Investments** – Investments are recorded at cost. Demand deposits and short-term investments with a maturity date of three months or less when acquired are considered to be cash equivalents.

**Interest-Bearing Deposits** – Interest-bearing deposits are recorded at cost. Interest earned is recorded as revenue when the investment matures or when credited, by the financial institutions, to the interest-bearing account.

**Taxes Receivable – Current Levy** – The County of Lapeer and the Township of Almont provide property tax revenue that is levied each December 1<sup>st</sup> based on the State taxable valuation of property located in the county as of the preceding December 31<sup>st</sup>.

The Almont District Library 2006 ad valorem tax was levied and collectible on December 1, 2005. It is the policy of the District Library to recognize revenue from the current tax levy in the 2005 / 2006 fiscal year when the proceeds of this levy are budgeted and made available for the financing of the Library's operations.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	20 to 50 years
Machinery & Equipment	3 to 20 years

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type Statement of Net Assets

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

# **Almont District Library**

Notes To Financial Statements  
For Year Ended November 30, 2006

## **Accounting Changes**

**GASB Statement No. 34** – Effective December 1, 2003, the Library implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Library's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Library's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Library's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Library as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

## **2. Stewardship, Compliance, and Accountability**

### **Budgetary Information**

The Library is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Library's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Library as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.



# Almont District Library

Notes To Financial Statements  
For Year Ended November 30, 2006

During the year ended November 30, 2006, the Library incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>General Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Salaries & Fringes	\$ 231,000	\$ 232,606	\$ 1,606
Insurance	10,348	10,521	173

**Other Areas of Noncompliance** – The District Library did not submit an audit within six months after the end of the fiscal year. Michigan Compiled Laws (MCL) 141.424 (3) states: “One copy of the annual financial report required by subsection (1) shall be filed with the state treasurer within six months after the end of the fiscal year of the local unit.” MCL 141.425 requires a local unit having a population of 4,000 or more to obtain an annual audit of its financial records, accounts, and procedures.

### 3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers’ acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Almont District Library Board has designated two banks for the deposit of library funds. There was no investment policy adopted by the board in accordance with Public Act 196 of 1997. The Board has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. The Library’s deposits are in accordance with statutory authority. All cash deposits and investments of the Library are held by the Library in the Library’s name.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	\$ 220,583	\$ 220,583

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 220,583

The bank balance of the primary government’s deposits is \$220,583, of which \$155,874 is covered by federal depository insurance.

# Almont District Library

Notes To Financial Statements  
For Year Ended November 30, 2006

**Investments Authorized by the Entity's Investment Policy** – The District Library has not adopted a formal investment policy. However, it is the Board's policy to only authorize investments in those that are authorized by law. The District Library has limited their investments to long-term certificates of deposit. The District Library does not have a policy intended to limit their exposure to interest rate risk, credit risk, and concentration of credit risk.

**Disclosures relating to Interest Rate Risk** – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

As of November 30, 2006, the District Library had no investment for which interest rate risk was required to be reported.

**Concentration of Credit Risk** – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District Library is not currently exposed to concentration of credit risk.

The Board does not limit the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the informal board's policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Entity's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

## 4. Capital Assets

Capital Assets activity of the Library's governmental activities (and business-type) was as follows:

	Balance December 1, 2005	Additions	Disposals & Adjustments	Balance November 30, 2006
Governmental Activities:				
Capital Assets not being Depreciated:	\$ 4,509	\$ -	\$ -	\$ 4,509
Capital Assets being Depreciated:				
Buildings & Building Improvements	\$ 192,867	\$ -	\$ -	\$ 192,867
Office Furniture & Equipment	56,754	71,627	-	128,381
Library Books & Audiovisual Materials	37,629	-	-	37,629
Total Capital Assets being Depreciated	287,250	71,627	-	358,877
Accumulated Depreciation:				
Buildings & Building Improvements	(71,611)	(4,286)	-	(75,897)
Office Furniture & Equipment	(43,280)	(11,092)	-	(54,372)
Library Books & Audiovisual Materials	(5,376)	-	-	(5,376)
Total Accumulated Depreciation	(120,267)	(15,378)	-	(135,645)
Net Capital Assets being Depreciated	166,983	56,249	-	223,232
<b>Net Total Capital Assets</b>	<b>\$ 171,492</b>	<b>\$ 56,249</b>	<b>\$ -</b>	<b>\$ 227,741</b>

## Almont District Library

Notes To Financial Statements  
For Year Ended November 30, 2006

Depreciation expense was charged to programs of the primary government as follows:

**Governmental Activities:**

General Government

Total Governmental Activities

\$	15,378
\$	15,378

### 5. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

### 6. Long-Term Debt

The Library does not have any long-term debt.

### 7. Post Employment Benefits

The Library does not provide any post employment benefits other than the pension benefits.

### 8. Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Library has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

### **Required Supplemental Information**

**Almont District Library**  
Required Supplemental Information  
Budgetary Comparison Schedule  
General Fund  
For The Year Ended November 30, 2006

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 278,500.00	\$ 282,750.00	\$ 282,732.14	\$ (17.86)
State Aid	5,200.00	4,350.00	4,363.62	13.62
Charges for Services	40,500.00	47,500.00	49,938.77	2,438.77
Penal Fines	28,000.00	31,000.00	31,189.83	189.83
Interest Earned	2,400.00	7,900.00	8,399.26	499.26
Donations	1,000.00	4,400.00	8,448.66	4,048.66
Other Revenue	-	-	195.60	195.60
<b><u>Total Revenues</u></b>	<b>355,600.00</b>	<b>377,900.00</b>	<b>385,267.88</b>	<b>7,367.88</b>
<b><u>Expenditures</u></b>				
Salaries & Fringes	215,000.00	231,000.00	232,605.71	(1,605.71)
Supplies	7,000.00	9,200.00	8,956.60	243.40
Professional & Contractual Services	22,000.00	22,000.00	15,158.71	6,841.29
Utilities	15,000.00	15,500.00	14,314.94	1,185.06
Insurance	10,000.00	10,348.00	10,521.00	(173.00)
Materials - Books, Magazines, & Videos	41,000.00	44,000.00	40,871.10	3,128.90
Internet - Professional Services	22,000.00	31,040.00	24,530.20	6,509.80
Building Maintenance & Repair	20,500.00	22,000.00	20,844.53	1,155.47
Travel	600.00	600.00	552.00	48.00
Memorials	500.00	1,000.00	984.85	15.15
Technology	2,543.00	1,043.18	560.00	483.18
Genealogy	6,161.00	6,161.00	-	6,161.00
Miscellaneous	500.00	500.00	81.72	418.28
Capital Outlay	60,000.00	72,000.00	71,626.89	373.11
<b><u>Total Expenditures</u></b>	<b>422,804.00</b>	<b>466,392.18</b>	<b>441,608.25</b>	<b>24,783.93</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b>(67,204.00)</b>	<b>(88,492.18)</b>	<b>(56,340.37)</b>	<b>32,151.81</b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b>279,766.00</b>	<b>279,766.00</b>	<b>264,182.80</b>	<b>(15,583.20)</b>
<b><u>Fund Balance - End of Year</u></b>	<b>\$ 212,562.00</b>	<b>\$ 191,273.82</b>	<b>\$ 207,842.43</b>	<b>\$ 16,568.61</b>

LEHN L. KING  
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

**Report on Compliance and on Internal Control over Financial  
Reporting Based on an Audit of Financial Statements Performed  
In Accordance with *Government Auditing Standards***

To the Library Board  
**Almont District Library**  
Almont, Michigan

I have audited the general purpose financial statements of the Almont District Library Almont, Michigan, as of and for the year ended November 30, 2006, and have issued my report thereon dated December 6, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Almont District Library Almont, Michigan's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Almont District Library Almont, Michigan's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and the Library Board and Federal and State agencies and is not intended to be an should not be used by anyone other than these specified parties.

*Lehn King*

Lehn L. King  
Certified Public Accountant

December 6, 2007

**LEHN L. KING**

CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET  
MARLETTE, MICHIGAN 48453

Phone 989-635-3113  
Fax 989-635-5580

December 6, 2007

Members of the Library Board  
**Almont District Library**  
Lapeer County, Michigan

Members of the Library Board:

In accordance with your request, I have made an examination of the financial statements of Almont District Library for the fiscal year ended November 30, 2006. During the course of my examination, no material items came to my attention.

From an overall viewpoint, the Almont District Library is in good financial condition. The financial records maintained by the Library are in good order.

I thank the Library officials for the cooperation I received in the completion of this examination. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

*Lehn King*

Lehn L. King  
Certified Public Accountant